

Message Text

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SUBJECT: YAR TO IMPOSE RESTRICTIONS ON JAPANESE TRADE

1. SUMMARY: IN EFFORT FORCE FAVORABLE JAPANESE DECISION OUR AID TO YARG, COUNCIL OF MINISTERS IN ABRUPT AND HARSH MOVE OCT 15 ANNOUNCED THAT YARG WILL IMPOSE HEAVY DUTIES ON CERTAIN JAPANESE IMPORTS TO TAKE EFFECT IN NEAR FUTURE.

2. YARG HOPED THAT JAPANESE TRADE MISSION WHICH VISITED SANA IN AUGUST, HEADED BY VICE-MINISTER OF FOREIGN AFFAIRS, WOULD BREAK WHAT JAPANESE DIPLOMATS HAVE TOLD YEMENIS IS LOG-JAM IN TOKYO ON AID TO YEMEN. VERY LARGE TRADE IMBALANCE BETWEEN HIGHLY DEVELOPED JAPAN AND VERY BACKWARD YEMEN HAS REPORTEDLY BECOME POLITICAL ISSUE TO JAPANESE FOREIGN MINISTRY WHILE OTHER GOJ MINISTRIES WHICH CONTROL PURSE STRINGS ARE BEARISH ABOUT AIDING

DISTANT YEMEN. JAPANESE DIPLOMATS REPORTEDLY ALSO URGED ANOTHER POLITICAL ARGUMENT, NAMELY THAT AID BY MODERATE SAUDIS TO YARG HAS TURNED TIDE AGAINST RADICAL TENDENCIES HERE TO EXTENT THAT EVEN EXTREMIST SOUTH YEMEN

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NOW BEGUN DOUBT BENEFITS OF ITS VIOLENT AND REVOLUTIONARY COURSE.

FORTHCOMING JAPANESE POLICY IN SANA ACCORDING VISITING GOJ DIPLOMAT FROM JIDDA WOULD THUS HAVE IMPLICATIONS FOR STABILITY WHOLE PENINSULA, WHERE JAPANESE INTERESTS MUCH GREATER THAN IN YEMEN.

3. AUGUST ECONOMIC TRADE MISSION IN ANY CASE AGREED CONSIDER YEMEN NEEDS WHICH, BY AND LARGE, FOCUSED ON LARGE EXPORTS OF ROCK SALT. ANSWER PROMISED BY 15 OCT AND ARRIVED ON TIME. DUE TO MERCURY IN YEMEN SALT, LACK OF RE-EXPORT OPPORTUNITIES, GOJ ANSWER WAS FLAT NEGATIVE. YEMENIS VERY

DISAPPOINTED. BWSER ON PAST JAPANESE BUYS, YARG EXPANDED SALT EXPORT CAPACITY TO 300,000 TONS A YEAR, PLANNED GO TO MILLION TONS. OTHER PROJECTS JAPANESE PROPOSED FOR ECONOMIC COOPERATION HERE WERE NOT GIVE HIGH PRIORITY BY YEMENIS.

4. YEMNIS HAVE THUS DECIDED TO TRY TO USE LARGE TRADE IMBALANCE AGAINST JAPAN BY IMPOSING HIGH AND DISCRIMINATORY DUTIES AGAINST JAPANESE PRODUCTS AND THREATENING TO BAN RPT BAN JAPANESE GOODS AS A SECOND STEP. YEMENIS ESTIMATE TOTAL FLOW OF JAPANESE GOODS INTO YEMEN AT \$250 MILLION A YEAR, WHICH WOULD HAVE TO INCLUDE LARGE AMOUNT RE-EXPORTS TO YEMEN FROM OTHER COUNTRIES. THIS FIGURE IS AT BEST OUTSIDE POSSIBILITY, EVEN GIVEN LARGE NUMBER YEMENI EMIGRANT WORKERS.

5. IT IS QUESTIONABLE HOW WELL TRADE LEVIES WILL WORK. MERCHANTS HERE WILL UNITE AGAINST IT. RESULTS WILL PROBABLY VARY BETWEEN DIFFERENT CATEGORIES OF GOODS. GOVERNMENT IS HOWEVER DETERMINED NOT TO BE TOLD AGAIN THAT GOJ WANTS TO HELP BUT, SOMEHOW FOR INTERNAL REASONS, CAN'T COME UP WITH PROJECTS OR EVEN FIND FUNDS TO OPEN LONG PROMISED EMBASSY HERE.

6. COMMENT: ON NUMEROUS OCCASIONS IN PAST DEPARTMENT HAS URGED AID TO YARG ON GOJ OFFICIALS. IT GENERALLY IN OUR INTERESTS INCREASE NON-COMMUNIST PRESENCE AND AID TO THIS NEEDY CORNER OF ARABIAN PENINSULA. PRESENT IMBROGLIO MAY AGAIN BE APPROPRIATE MOMENT TO RAISE QUESTION, IN PART BECAUSE IT IS OBSTACLE TO ANY YARG SWITCH ON KOREAN QUESTION IN UN.
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JAPANESE MISSION IN AUGUST ASKED YARG SWITCH, WAS TOLD IT IN PROCESS. NOW CRITICS OF THAT DECISION ARE SAYING YARG GETTING NOTHING FROM NON-COMMUNIST FRIENDS IN ASIA WHILE ACTING AGAINST INTERESTS AID-GIVING ASIAN COMMUNIST FRIENDS LIKE PRC AND NORTH KOREA.
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